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FOURTH QUARTERLY OUTLOOK FOR WORLD MEAT PRODUCTION AND TRADE IN 1978

Current forecasts for 1978 meat production in the key commercial markets of the world (i.e., United States, European Community, Japan, and Canada) indicate a slight increase from last year's 46.7 million metric tons, unchanged from the July estimate (Table 4). Pork and poultry production is forecast to gain by more than 835,000 tons or about 3 percent above 1977 output, thus outweighing an expected overall decline of about 516,000 tons in beef and veal production in these markets.

In 1978, net meat imports in these markets are expected to advance about 5 percent above those of 1977, primarily because of the larger net imports by the United States (Table 5) expected because of the higher level of import limits announced in June. Japan's pork imports should rise slightly, despite increased production, because of continued strong demand and high price levels for competing meats and fish. Japanese imports of beef also are expected to gain following recent negotiations with trading partners.

In the major exporting countries of Latin America and Oceania, beef and veal production in 1978 is forecast to reach a new record level of 7.5 million tons. Production of beef in Australia is forecast at about 5 percent below the record level of 1977. New Zealand's beef output is also seen below last year's level. In each country rain has alleviated the dry pasture conditions reported previously. Beef output in Argentina, Uruguay, and Central America, however, is forecast to exceed 1977 levels and will more than compensate for the decline in Oceania's output. Also, both Australia and New Zealand began 1978 with relatively large stocks.

World imports of beef are forecast to remain high, but smaller supplies will push prices above those of 1977. The United States is expected to import slightly more than 1 million tons in 1978, about 150,000 tons more than in 1977. European imports should be somewhat below last year's in view of higher domestic supplies.

There has been no known buying activity by the Soviets from non-East European sources so far this year. In 1977, over 85 percent of the total beef imported came from non-East European sources.

It appears that world beef supplies will be well maintained through 1978, in part because of further liquidation of numbers. In most major exporting regions as well as in the United States and Canada, cattle numbers have been declining in recent years. Although this helps to maintain current production of beef, the decline portends less beef in coming years.

With projected cattle inventories in most major producing countries at 1972 levels and an increased world demand for meat because of higher incomes and greater population, a sharp tightening of world beef supplies is expected for the next few years, with resultant higher cattle and beef prices in most producing and consuming countries. Higher pork and poultry production could dampen these price increases, but it is doubtful that this will fully offset the price effect of reduced beef output.

Pork production in the four major import regions is forecast at about 16.2 million tons in 1978, about 2 percent above 1977 record levels. Production in Canada is expected to be some 12 percent higher than in 1977 resulting in significantly lower requirements and larger exports. While increased supplies in the EC may meet demand requirements there, the United States and Japan are expected to import larger quantities than in 1977. Traditionally, U.S. imports are mainly canned hams and these are expected to increase this year. However, import of fresh, chilled, or frozen pork also may rise, especially from Canada.

Poultry production in the four major markets should reach a record level of about 10.9 million tons in 1978. The biggest increases will be in the United States and the EC. Thus, exports from these two areas are expected to grow. U.S. exports to Japan, the largest poultry market for the

United States, should increase as should shipments to Hong Kong, Singapore, and other traditional markets.

Major Importers

United States

Beef. Liquidation of the U.S. cattle herd continues in 1978 although the level of total slaughter is expected to be about 5 percent lower than in 1977. This level of cattle and calf slaughter would exceed the estimated calf crop for the third consecutive year, but by a much smaller margin than the 2 million head difference last year. Cow slaughter has remained relatively high and a record number of heifers have been placed in feedlots. Calf slaughter is expected to be some 20 to 25 percent below last year's.

Liquidation should slow after cattlemen sell their calves at the higher prices expected this fall. It will probably be after the fall marketing season before a large decline in cow slaughter and an increased holding of replacement stock will begin to appear. The January 1979 cattle inventory is expected to be about 110-112 million head, the lowest level since 1970.

Beef production for 1978 is projected to be some 5 percent below last year's output, the second year of decline since peak production in 1976. Beef production will consist of a higher percentage of fed beef than in recent years. With ample supplies of grain and protein concentrates, this trend should continue into 1979.

Sustained consumer demand for beef and lower supplies have pushed prices up at both the retail and farm level. Prices for Choice steers in August averaged \$52.45 per hundred weight, some thirty percent above the year-ago level, while Utility cow prices were up about 50 percent. At the retail level, beef prices for the first 8 months of the year averaged about 22 percent above those of the first 8 months of 1977. Prices for boneless beef, both domestic and imported, averaged more than 40 percent higher than last year's during the month of August.

Current forecasts indicate that fed cattle prices should remain near current levels for the remainder of 1978.

Because of higher U.S. boneless beef prices, U.S. imports of beef and veal have been running well ahead of year-earlier levels. Through the first 8 months of 1978, U.S. imports of meat subject to the Meat Import Law (primarily frozen beef) totaled about 920 million pounds, product weight. This accounted for about 89 percent of total U.S. beef imports during this period. For the year, imports of meats subject to the law will be limited by voluntary restraint agreements to no more than 1,492.3 million pounds. Most countries are expected to take advantage of the higher U.S. beef prices and fill their respective restraint levels.

U.S. imports of prepared and preserved beef and veal were about 9 percent above last year's during the first 8 months of 1978. Most of this increase resulted from larger shipments of canned corned beef and cooked frozen beef from Argentina.

U.S. exports of beef and veal during the first 8 months of 1978 were more than one-third above those in the same period in 1977. With increases in Japanese beef quotas and higher shipments of hanging tenders and skirt meat, exports to Japan almost doubled during this period. For the year, beef exports are forecast to be about 60,000 tons, carcass weight equivalent, compared with 46,000 tons last year. About 60 percent of this 1978 total likely will be shipped to Japan.

Pork. Current pork production prospects suggest lower output than previously anticipated. Smaller litters and higher death losses resulting from disease and cold weather, plus producer caution towards expansion, has resulted in a 1.3 percent reduction of the pig crop in the 14 major pork producing States in the first three quarters of 1978. Hog slaughter this fall will probably be below the year-earlier level. However, low feed costs may prompt hog producers to feed to heavier weights, keeping production near year-earlier levels. For the year, pork output will slightly exceed that of 1977.

U.S. pork imports through August were up 8 percent because of a 100 percent increase in Canadian fresh pork shipments. Canned ham and shoulder imports were up only 1 percent with imports from the EC down 13 percent and Eastern Europe up 13 percent. Because of the sharp drop in pork exports, net U.S. pork imports on a carcass weight basis are expected to double this year to 120,000 tons. Exports to the two largest markets, Canada and Japan, have been lower in 1978 because of rising U.S. pork prices and larger domestic production in those two markets.

Poultry. Poultry meat production for 1978 is currently forecast at almost 7 percent above 1977 levels. Lower feed costs plus rising prices for red meats have stimulated substantial increases in poultry output. However, this large output, in addition to the modest increase in pork supplies, is not expected to offset the decline in beef production, so that total meat production is expected to be slightly below the record level of 1977.

European Community

Beef. Following 2 years of small declines, EC beef and veal production should rise slightly in 1978. An approximate 2 percent gain in beef and veal production should result from marginally higher slaughter numbers and greater average carcass weights, the latter reflecting more adult cattle and fewer calves in the slaughter mix.

The largest rises in production will likely occur in West Germany and the United Kingdom, about 5 and 3 percent, respectively. In West Germany, the increase is largely the result of more adult cattle slaughter following a drop in slaughter of these types in 1977. In the United Kingdom, firm fat cattle prices in the first half of the year, aided by increased beef exports to other EC countries, have resulted in higher slaughter rates.

Slaughter and beef and veal production in each of the other EC countries should be within 2 percent above or

below 1977's level. Despite the slightly greater slaughter for the Community as a whole, an improved calf crop is expected to more than offset it and yield a small increase in the total EC herd inventory this year.

EC intervention stocks of beef have continued to decline, mostly on a seasonal basis, from the high levels at the beginning of 1978. By the end of July this year, stocks had reached approximately 255,000 tons, product weight, compared with nearly 325,000 tons at the beginning of 1978. West Germany and Ireland, which are purchasing beef for intervention nearly as fast as it can be sold, hold almost two-thirds of these stocks. The reduction in overall EC stocks since early this year may have been aided by a new type of linked sales scheme introduced in January of this year. Under this scheme, traders can obtain licenses to import manufacturing beef at a reduced or zero levy provided they purchase a similar quantity of beef from intervention stocks. During the first 6 months of this year, approximately 26,000 tons of beef on a carcass weight basis were purchased under the scheme; the EC target for the year is 50,000 tons.

EC imports of beef and veal from third countries are expected to drop about 3 percent in 1978; exports will also fall, resulting in little change from 1977 in net imports. Beef and veal import estimates for both 1977 and 1978 have been adjusted downward following lowered estimates of processed beef imports. Also, the 1978 import forecast now includes larger frozen beef imports expected from Botswana following the lifting in July of the 6-month EC ban on imports of Botswana beef because of a foot-and-mouth disease outbreak in that South African country.

Pork. Pork production in the EC will be up slightly in 1978, but not as much as in 1977 as declines in the United Kingdom, France, and Italy are slowing the overall rate of growth in the EC. Pork production in West Germany is being encouraged by strong domestic demand and is expanding in the Netherlands and Denmark because of exports. Denmark is one of the few major world pork exporters to increase shipments to Japan this year, while others have lost ground. Another factor contributing to the enlarged pork production in these countries, particularly the Netherlands, is the reduced feed costs resulting from increased use of low-cost cereal substitutes, such as manioc, in the pork rations.

The EC private storage subsidy for pork, which began in June of this year, seems to have had only a limited influence on prices. After increasing 5 percent in mid-July, prices started to fall again in August. With slaughter projected to rise over year-earlier levels in the second half of 1978, the EC could be faced with a surplus pork problem if prices do not pick up. One short-term solution being considered by the EC Commission for application in November is an increase in the sluice gate or minimum import price. This action would raise the import levy and could slow fresh pork imports from Eastern Europe.

Poultry. EC poultry meat production should increase about 3 percent in 1978, about the same as last year. France, Italy, and Germany should show the largest gains. The EC

is a large net exporter of poultry meat, with exports to third countries in recent years running around 225,000 tons. The bulk of these exports go to other European countries, the Middle East, the Far East, and the USSR. Such exports, except to the Far East, are assisted by substantial export subsidies.

EC consumption of beef and veal should be up slightly over year-earlier levels in 1978. Total beef and veal consumption has been rising for the past several years, but generally no faster than the population increases. Per capita beef and veal consumption, therefore, has been virtually static. The situation is much the same for poultry. Per capita pork consumption, on the other hand, has been steadily expanding by about two-thirds of a kilogram per year for the past 3 years and is forecast to reach just over 32 kilograms in 1978.

Canada

Beef. As a result of this year's reduced inventory of female cattle, a smaller calf crop and heavy feeder cattle exports, total Canadian cattle slaughter should be down 9 to 10 percent in 1978 compared with 1977. Beef and veal production in 1978 should be down by an equal amount since average carcass weights remain about equal to last year's.

Canadian exports of cattle, nearly all to the United States, have continued ahead of year-earlier levels so far in 1978 and even with a slowdown in the second half of the year could finish the year above 1977's total. The largest increase has occurred in exports of slaughter cattle. An exchange rate favorable for exporting and strong U.S. prices are the leading causes of this continued heavy southward movement of cattle. After a slow start in early 1978, Canadian imports of cattle from the United States have picked up and are expected to finish the year ahead of the 1977 level, although imports still will be small relative to exports of cattle.

Canadian imports of beef and veal are subject to a global quota in 1978 of 66,642 tons, product weight, of which the United States is allocated 11,394 tons, Australia 27,325 tons and New Zealand 27,923 tons. Canadian exports of beef and veal to the United States in 1978 are subject to a bilateral agreement between the two countries.

In June of this year, the United States raised by about 5,000 tons the initial agreed level of 34,600 tons, product weight. However, in the face of sharply higher domestic retail beef prices and an exchange rate which favors exports, there has been resistance within the Canadian Government, which controls beef exports via permits, to increase the export permits to the United States. A key element in whether Canada fills its new beef export level could be the volume of slaughter cattle exports to the United States since a large quantity of potential Canadian beef exports are entering the United States "on the hoof."

Pork. During the first half of 1978, hog slaughter has been running about 9 percent ahead of last year's and should remain so for all of 1978. Pork production in 1978

could be up more than 12 percent to 605,000 tons, because of greater average carcass weights.

So far in 1978, increased supplies and the U.S.-Canadian exchange rate have resulted in a significant increase in both hog and pork exports by Canada to the United States, while Canadian exports to Japan and imports from the United States have dropped. This situation should prevail for the rest of 1978.

Poultry. Poultry meat production is expected to increase slightly in 1978. The major increase should be in broiler meat, since turkey production is forecast to decline. With broiler production increasing, imports likely will decline.

The Canadian Government is still progressing toward the formation of a National Chicken Marketing Agency similar to the existing agencies for turkeys and eggs. Under the proposal, production and imports of chicken would be controlled. It had been anticipated earlier that the chicken agency would be operational by mid-1978, but political factors in Canada have delayed its implementation.

Canada's total red meat consumption in 1978 should decline significantly, although increased consumption of poultry meat is expected to somewhat temper the decline. Per capita beef and veal consumption in Canada this year could fall as much as 10 percent to about 46 kilograms, owing to sharply higher retail beef prices. Also, much of the increased pork production in 1978 will be offset by greater exports and smaller imports so that total pork supplies will be up only slightly.

Japan

Beef. Despite larger domestic beef, pork, and poultry meat production, Japan's net meat imports are currently forecast to rise slightly above 1977 levels.

Beef and veal production in 1978 should total a record 390,000 tons, 8 percent above the 1977 level. Cattle slaughter has been running above year-earlier levels during most of 1978. This, combined with an increased supply of imported beef and reduced demand for beef primarily because of low pork and poultry prices, has caused Japanese cattle prices, particularly for the lower grades, to drop below last year's level.

During the first 8 months of calendar 1978, Japanese beef imports were 18 percent above those of the same period last year. Australia supplied 76 percent of this total, the United States 12 percent. Imports from the United States were 47 percent larger than in the same period last year following Japanese measures to increase imports of high-quality beef on a global basis by 10,000 tons, product weight, during the current Japanese fiscal year.

For the remainder of 1978 Japanese beef imports will likely slow somewhat, as the Government adjusts monthly import allocations to help strengthen domestic cattle prices. For the year, imports should be 12 percent above the year-earlier level.

Pork. In Japan, low world feedstuff prices have encouraged swine herd expansion, with the May 1978

sample census indicating an 11.4 percent increase in numbers—a new record.

Pork production is expected to be up 6 percent because of both higher slaughter and heavier carcass weights. Japanese hog-carcass prices through the first 5 months have remained below year-ago levels, but lower feed costs have caused a 5 percent improvement in the hog-to-feed price ratio. Low domestic hog prices have kept imports 8 percent below year-ago levels through the end of July and have also encouraged domestic bacon and ham processors to purchase more domestic pork even though they prefer the more uniform imported cuts.

Japanese pork imports for the year are currently projected to slightly exceed last year's level. However, if domestic prices remain at current low levels, imports could fall below last year's. Only Denmark and Sweden have increased sales of pork to Japan so far this year. Japanese imports of U.S. pork were down about 8 percent through July, which is an improvement over the end-of-May level when U.S. imports were down 20 percent. Imports from Canada were also 8 percent lower. Almost certainly the volume of U.S. exports of pork to Japan will be below year-ago levels, but unit prices are up sharply so that the total value of U.S. exports may nearly equal last year's.

Poultry. Strong demand for poultry meat in Japan is enticing both imports and production. Production is currently forecast to increase about 5 percent, but the strong consumer demand and profits for the producer may raise this even more. Imports, currently seem as remaining near the 1977 level may also rise. The United States, the major exporter to Japan should see its share and quantity shipped increase in 1978.

USSR

As a result of good weather and abundant grain and forage crops, the Soviets expanded their herds during the first 8 months of the year. Based on official Soviet data—as provided by the U.S.-USSR Agricultural Agreement—August 1, 1978 cattle and cow numbers both rose above the August 1977 level by 2 percent; hog numbers, 7 percent; sheep and goat, 2 percent; and poultry, 8 percent.

Higher animal inventory has upped meat output and reduced imports. In the first 6 months of 1978, industrial output of meat on State and Collective farms in the USSR was up 9 percent from the year-earlier level. Meat output at 803,000 tons in June was 7 percent above the year-earlier level. Sufficient feed supplies and heavier weight animals for slaughter account for this continued increased in output. If this trend continues the Soviets might surpass the Plan target for 1978 meat production of 15.6 million tons, which is 5 percent more than in 1977.

For 1978, meat production remains at the FAS July-1 estimate level: Beef and veal, including fats and offals, at 7.2 million tons; pork, 5.3 million tons; mutton and goat meat, 950,000 tons; poultry 1.7 million tons; and other meat,

350,000 tons. Compared with 1977 levels, this would be a 4 and 6 percent gain in beef and pork production, respectively, and a 5 percent increase in mutton. Poultry and other meat output is expected to remain constant.

Soviet imports of meat and meat products in 1977 were officially published at 617,000 tons, product weight, substantially higher than previous expectations based on inventory and production levels. In 1977, half of Soviet imports of meat products were from Australia, New Zealand, and/or Argentina. The remainder came from Eastern Europe.

Traditionally, East European countries have supplied the USSR with substantial quantities of meat either in the form of beef, pork, or poultry. In 1978, total imports of meat and meat products are still forecast at the July 1-estimate level of 200,000-300,000 tons, product weight. We forecast that of this, about 80,000-100,000 tons could be beef; 60,000-80,000, pork; 40,000-60,000, poultry; and the remainder will probably be canned meats.

Eastern Europe

With more than sufficient supplies of feed and forage crops throughout the region, East European countries are rebuilding herds in 1978. Most of the East European governments want to develop and expand their livestock industries to provide sufficient and inexpensive meat and meat products to their populations. Strong government support coupled with good feed supplies have helped to increase 1978 numbers and production levels. As a result, imports of meat and meat products, primarily beef, should not be substantial during the current year.

Total meat putput for the region for 1978 is forecast to rise to 11.0 million tons, 1 percent above the estimated 1977 level. More than adequate feed supplies should produce heavier weight animals, which in turn will boost meat output. For the current year, beef and veal output, including fats and offals, is forecast at 2.7 million tons; pork, 6.3 million tons; mutton and goat meat, 295,000 tons; and poultry meat, 1.7 million tons. This represents gains above 1977 totals and 2 percent for both beef and pork; 1 percent for mutton and goat meat; and 4 percent for poultry output over 1977. In several East European countries, bigger poultry meat supplies are substituting for less available red meats.

Imports of meat and meat products are not expected to be as large as in 1977. Australian exports of beef to Eastern Europe in 1977 totaled 64,165 tons, product weight, and in 1978 should decline to 35,000 tons. To date, Australia has shipped 3,000 tons of beef to Bulgaria and 9,000 tons to Yugoslavia. New Zealand has shipped only 2,000 tons to Bulgaria. The most Oceania is expected to supply these countries this year is 45,000 tons. It appears that the Soviet Union and Eastern Europe will meet most of their 1978 needs by trading among themselves.

It is estimated that Eastern Europe's poultry exports will be about the same as 1977's 135,000 tons.

Brazil

From near-record beef and veal production of about 2.4 million tons in 1977, forecasts for 1978 indicate a five-percent reduction in slaughter and a similar reduction in beef and veal output. During 1977, producers were culling herds in the face of low prices, which at midyear were about 180 cruzeiros per arroba, which is equivalent to approximately \$32.00 per hundred weight. However, during 1978, cattle prices have risen because of strong consumer demand, Governmental action to assist cattle producers, and an attempt to maintain significant exports. As prices have risen, producers have begun to hold some cattle back from the market to put heavier weights on the cattle following the winter season and in anticipation of continued higher prices.

These factors led Brazil in 1978 to become a net importer of beef and veal in contrast to its traditional position as a net exporter. Some of the imported beef may be used to supply domestic requirements in the larger cities and some of the imports may be destined for processing and export as canned product. Brazil's beef exports are largely in the form of canned corned beef and cooked frozen beef.

Estimates differ concerning the total level of imports during calendar 1978. Brazilian sources estimate imports on the order of 100,000 tons, while Argentine and Uruguayan sources estimate their shipments to Brazil will amount to about 175,000 tons. A major uncertainty appears to be the questionable availability of sufficient transport. In either event Brazilian imports should be historically large, at least 100,000 tons as compared with less than 35,000 tons in 1977 and under 2,000 tons in 1973.

Pork production, which represents some 27 percent of red meat output, is forecast to increase slightly in 1978. However, the pork situation is clouded by an outbreak of African Swine Fever discovered in May 1978. The Government is committed to eradication of the disease. As of July, a reported 16,000 hogs had been slaughtered under a Government program.

MAJOR EXPORTERS

Australia

Beef. Australian cattle slaughter remains at a relatively high level despite generally improved pasture and forage conditions. After four years of adverse economic conditions a large number of cattle producers have a severe liquidity problem. Cattle are being marketed to take advantage of stronger prices even though many producers anticipate even higher prices in the coming year. Expanded export demand for beef in the higher priced markets of Japan and the United States are contributing to the upward trend in cattle prices and marketings. Estimated 1978 beef and veal production is revised upward from previous expectations and is now only slightly below the record 1977 output. The increase is due to higher slaughter levels than

previously expected and to slightly higher slaughter weights. This sustained level of slaughter is expected to result in year end cattle inventories below 27 million head, the lowest since 1971.

Average monthly prices for cattle have been above 1977 levels for each month since January 1978. The average price for bullocks in August 1978 at the Brisbane market was \$US 21.03 per hundred pounds liveweight equivalent or some 70 percent higher than August prices in 1977. August 1978 prices of cow meat destined for export were more than 37 percent above prices a year ago.

The most recent forecasts of exports indicate larger than expected shipments to both the Japanese and the U.S. markets. Japan has expanded its quota restrictions to a modest degree. Sales to the U.S. will be larger following the President's decision to allow more imported meats into the United States. Total Australian beef and veal exports are forecast to be 1.07 million tons, 50,000 above earlier expectations and only slightly less than 1977's record. Sales to the Soviet Union and to Eastern Europe have not materialized as anticipated earlier in the year. Beef sales to the Middle East are expected to rise by some 19 percent over 1977 shipments and exports to Korea are forecast to grow by almost six times from a modest level of 6,000 tons to about 35,000 tons, product weight, in 1978.

In view of this larger level of anticipated exports, beef consumption in Australia should decline from the very high levels of 1977. Increased prices and export commitments mentioned earlier will be the main factors constraining consumption. The most recent estimates indicate that beef stocks at the end of the year may remain at the year end high level of 1977. It is possible that stocks are being maintained to supply additional export requirements for several important, although nontraditional markets such as the Soviet Union or Eastern Europe in the event they become large purchasers at the end of 1978 or early in 1979.

Lamb and Mutton. Australian sheep slaughter has been falling in 1978; mutton production has declined more than that of lamb. Mutton exports should be somewhat lower than last year as farmers retain ewes for breeding. However, lamb exports will be up with higher shipments to Mideast markets.

Pork. Production is expanding gradually and is expected to reach 193,000 tons in 1978. Pork is produced almost entirely for domestic use and represents about 7 percent of Australia's red meat production.

New Zealand

Beef. Although the drought in New Zealand ended in April, liquidation of the cattle herd continued during the winter (June-August) since feed was in short supply. With the improvement in average prices for exported beef this year, the liquidation may be reaching an end. However, no marked increase in beef cattle numbers is expected in the next year, as profits in the sheep industry remain more attractive than those in the beef industry.

Beef and veal production in New Zealand is currently forecast to be 5 percent below the 1977 level because although cattle slaughter for 1978 should be near the 1977 level, drought probably caused a 5 percent drop in average slaughter weights.

With beef and veal production still relatively high, exports are expected to total a record 405,000 tons, 3 percent above the 1977 level. This should reduce 1978 carryover stocks considerably, sharply reducing next year's beef export availabilities.

The 1978 New Zealand restraint level for meat exports (primarily frozen beef) subject to the U.S. Meat Import Law is 142,792 tons, product weight. With continued attractive prices for boneless beef in the United States compared with markets other than Japan and Canada, New Zealand is expected to fill the U.S. restraint level. As of late August, New Zealand had already entered about 62 percent of the total.

New Zealand's beef exports to Canada are limited by Canadian quotas to about 28,000 tons, product weight. New Zealand is expected to fill its share of this allocation also, because of the increase in North American beef prices this year.

Exports of beef to Japan have been high thus far this year, as New Zealand has shared in the increased Japanese beef import quotas. For the year, exports to this market are forecast around 8,000 tons, product weight, well above the 2,263 tons shipped in 1977.

Shipments to many of the nontraditional markets such as the USSR and the Eastern European countries, however, are running well below year-earlier levels. This trend is likely to continue during the remainder of 1978 due to the strong demand for beef in North American markets.

Lamb and Mutton. Sheep numbers in New Zealand have continued to expand this year because of favorable lamb and wool prices. As in the case of beef, lamb and mutton production in 1978 is forecast to drop slightly below the 1977 level, despite a probable increase in slaughter because of lower carcass weights. Exports of lamb and mutton in 1978 are expected to fall 3 percent below the 1977 level largely because of lower shipments of lamb to the United Kingdom and mutton to Japan.

Central America

Beef and veal production in Central America¹ is forecast to increase 11 percent in 1978, slightly down from the July 1 FAS estimate because of lower beef and veal production in Panama and El Salvador. However, this will be partially offset by higher projected levels in Guatemala and Costa Rica. Cattle slaughter is still estimated at about 2.3 million head, 10 percent above the 1977 level.

¹Central America here includes the Dominican Republic, Haiti, Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

Pasture conditions in Central America are excellent because of near-record rainfall. The rainy season brought more rain this year than during the same period in any of the last 3 years. As a result, better quality animals with slightly higher weights, should be coming to market in the next several months.

Pasture conditions in Guatemala are so good that cattle buyers are having a hard time convincing ranchers to sell their animals. This condition has created a shortage of slaughter animals, forcing packing houses to bid higher in order not to stop production. As a result, Honduras shipped an estimated 40,000 head to Guatemala during the second quarter of this year, a record level.

The United States continues to be the traditional market for beef exports from the Central American countries. As of September 2, the Central American countries had filled 52 percent of their U.S. restraint level. Costa Rica, Haiti, Honduras, and Nicaragua have shipped over 60 percent of their totals, the others less than 40 percent. To date, the Dominican Republic has not shipped any beef to the United States because an export ban is still in effect and may not be lifted. With the outbreak of African Swine Fever (ASF) the demand for beef has increased as consumers refuse to purchase pork.

Central American exports of beef to the United States are expected to increase in the fall, when seasonally heavier slaughter occurs. Coupled with attractive U.S. prices for imported boneless beef in 1978, this should assure that the Central American countries will attempt to fill their levels. However, the larger U.S. allocation of June 8 and the export ban in the Dominican Republic may cause some of these countries to fall short. Total beef exports from the area in 1978 are forecast at 153,500 tons, a 22 percent increase over the much reduced 1977 level. Of this, 5,100 tons may go to Venezuela and other Caribbean countries.

Mexico

For the last 2 years, Mexican cattle numbers and production levels have remained relatively constant. However, 1978 has not been a favorable year for the Mexicans. The drought that began last fall in the Northern States has finally broken, but the amount of moisture available for regrowth of grass is still not known. In the south in Chiapas and Tabasco pasture conditions are good to excellent. Perhaps because of the drought or because of attractive U.S. feeder cattle prices, Mexican cattle slaughter and production may drop 3 percent this year.

Total red meat consumption is expected to decrease 1 percent from the year-earlier level. Larger pork and poultry consumption levels will offset the 3 percent drop in beef and veal consumption, which is forecast at 985,775 tons. Pork and poultry consumption should also rise 3 percent over 1977 levels in 1978 to 440,000 tons and 331,000 tons, respectively.

Under a bilateral agreement, U.S. imports of Mexican beef are limited to 33,067 tons, product weight, in calendar

1978. As of September 2, imports from Mexico amounted to only 56 percent of the total but this was a 14 percent increase over the same period a year earlier. Despite their relatively low level of shipments to date, the Mexican Government feels there will be adequate supplies for both domestic and export markets. However, inventories will have to be reduced or price increases will have to lower demand.

Mexican exports of beef and horsemeat to countries other than the United States, principally Japan, are expected to be larger this year; pork exports should be smaller.

The Government of Mexico has prohibited imports of pork products from Brazil, the Dominican Republic, Portugal, Paraguay, Spain, and Italy because these countries are designated as having African Swine Fever. The Government has also taken preventive measures at the International Airport to assure that tourists do not carry this disease into Mexico. The Government is concerned about the possible introduction of this disease into Mexico not only because it could result in the death of many animals, but also because it could result in the loss of the Japanese pork market.

Argentina

Cattle slaughter in Argentina continues to increase during 1978 partly as a result of producer disappointment in prices early in the year and partly because of increased beef requirements to meet expanded export commitments. Herd culling is forecast to drop the Argentine cattle inventory to 55.1 million head by the end of the year, the lowest level since 1974. Beef and veal production is forecast at a record 3.1 million tons. Beef and veal production was about 12 percent more in the first half of the year than during the comparable period in 1977.

Argentine exports of beef and veal are now forecast at 860,000 tons for 1978—an alltime record. This is about 100,000 tons above the previous estimate made on July 1 and 30 percent above 1977 shipments. In the first 6 months of this year shipments were 20 percent above those of a year earlier. Exports of processed beef to Europe and the United States should be greater in 1978 due to anticipated smaller export volumes of beef from Brazil, Uruguay, and Paraguay. Fresh, chilled, and frozen beef exports will also be larger. Brazil, normally only a small importer of beef from Argentina, may purchase 130,000 tons, according to Argentine estimates.

The increase in consumption above the 1977 record that was forecast earlier, now looks unlikely given the increase in retail beef prices and little significant improvement in real income. Consumption of other red meat should drop somewhat also, as prices for these meats—sheepmeat and pork—have been rapidly increasing.

Argentine beef prices as reflected by quotations on the Liniers Market for export-quality live steers have been rising since early March 1978, when live steers were quoted at about 232 pesos (U. \$16.32) per hundred weight. By late

August this price was about 398 pesos (US\$22.00) per hundred weight.

Uruguay

Uruguay's cattle inventory has continued to decline since 1975's peak inventory of 11.5 million head. There was an 11 percent reduction in 1976, a 6 percent drop in 1977 followed by one of 4 percent in 1978. This continuous decline in the cattle inventory has occurred mainly because of low Government prices. In addition, droughts have encouraged high levels of slaughter. For 1978, production of beef and veal is forecast to rise 3 percent above 1977's 363,300 tons.

Total exports of beef as of June 30 were 92,560 tons—10 percent above the same period in 1977. Possibly 75,000 tons of exports will go to Brazil—Uruguay's major market for beef and veal—if Uruguay can postpone the delivery date on the first contract from July 31 to the end of the current year. A second contract calls for delivery of 25,000 additional tons. Egypt is still a potential market, although private sources report that Uruguay has already lost three tenders, which were won by Argentina.

Uruguay will try to maintain its 1977 meat consumption level during the current year. At this time it looks as if this will be difficult to accomplish in certain urban areas. The building-up of an approximately 18,000-ton reserve stock of frozen meat to supply Montevideo and Canelones in winter is expected to fall short of the estimated monthly requirements of 10,000 tons for each city.

The Government of Uruguay during the past year has issued several decrees to improve the cattle industry. On June 2, 1978 a decree imposed a 30-day-maximum payment period for livestock auctioned at private fairs, instead of the previous 180-day-payment term and financing at 5 percent monthly interest, which artificially increased the cost of the product. On July 15 the Government increased the price of cattle in an effort to encourage the ranchers to maintain cattle marketings during the winter months and increase beef production.

Official sources indicated that Uruguay is working on a new set of agricultural policies. Once these policies are ready, a new Minister of Agriculture will be appointed to implement them.

TABLE 1--BEEF AND VEAL: IMPORTS BY SELECTED COUNTRIES AND TOTAL FOR ALL COUNTRIES, 1974-78 (CARCASS WEIGHT EQUIVALENT)
(In thousands of metric tons)

Country	1974	1975	1976	Estimated 1977	Forecast 1978 1/
United States	747	808	953	890	1040
EC 2/	429	286	458	431	417
Canada	84	87	143	89	92
Japan	77	64	130	121	135
Spain	14	27	44	50	35
Greece	26	37	79	65	80
Switzerland	20	11	15	15	17
German Democratic Rep.	10	9	9	9	10
USSR	293	372	275	350	100
Brazil	53	29	27	35	150
Portugal	36	24	36	53	26
Other countries	253	626	778	825	850
Total	2,042	2,380	2,945	2,933	2,952

1/ FAS estimates. 2/ Excludes intra-trade.

TABLE 2--BEEF AND VEAL: EXPORTS BY SELECTED COUNTRIES AND TOTAL FOR ALL COUNTRIES, 1974-78 (CARCASS WEIGHT EQUIVALENT)
(In thousands of metric tons)

Country	1974	1975	1976	Estimated 1977	Forecast 1978 1/
P.L. 88-482: 2/					
Australia	486	744	860	1,087	1,065
New Zealand 3/	258	305	373	392	405
Canada	27	21	59	51	53
Mexico	19	14	23	26	26
Central America 4/	115	124	145	126	153
Subtotal	905	1,208	1,460	1,682	1,702
EC 5/	207	234	195	142	127
Argentina	289	266	534	605	860
Uruguay	120	113	195	129	134
Other countries	530	525	560	560	495
Subtotal	1,146	1,138	1,484	1,436	1,616
Grand total	2,051	2,346	2,944	3,122	3,322

1/ FAS forecast. 2/ Excludes Ireland. 3/ Year ending September. 4/ Includes Dominican Republic and Haiti. 5/ Excludes intra-trade

SOURCE: Reports of U.S. Agricultural Attaches and related information

OCTOBER 1978

Commodity Programs, FAS, USDA

TABLE 3--BEEF AND VEAL: CONSUMPTION, PRODUCTION, AND IMPORTS FOR UNITED STATES,
EC AND JAPAN--1974-78 (CARCASS WEIGHT EQUIVALENT)

Country and year	Per capita consumption	Domestic Production	Index 1974 =100	Quantity 1,000 M.T.	Index 1974 =100	Quantity 1,000 M.T.	Index 1974 =100	Quantity 1,000 M.T.	Share of production	Share of world imports	Cents per kg.	Index 1974 =100	Wholesale prices 2/
United States:	Quantity kgs.	Quantity 1,000 M.T.	Index 1974 =100	Quantity 1,000 M.T.	Index 1974 =100	Quantity 1,000 M.T.	Index 1974 =100	Quantity 1,000 M.T.	Percent	Percent			
1974	54	10,716	100	747	100	747	100	747	7	37	144.14	100	
1975	56	11,271	104	808	105	808	108	808	7	34	149.36	103	
1976	61	12,166	113	953	114	953	128	953	8	32	127.56	88	
1977 3/	59	11,845	109	890	110	890	119	890	8	30	128.33	89	
1978 4/	56	11,250	104	1,040	105	1,040	139	1,040	9	35	160.00	111	
EC:													
1974	26	6,585	100	429	100	429	100	429	7	21	228.97	100	
1975	25	6,602	96	286	100	286	67	286	4	12	267.42	117	
1976	25	6,528	96	458	99	458	107	458	7	16	266.67	116	
1977 3/	26	6,377	100	457	97	457	107	457	7	15	300.33	131	
1978 4/	26	6,489	100	448	98	448	104	448	7	15	336.03	147	
Japan:													
1974	4	292	100	77	100	77	100	77	26	4	396.39	100	
1975	4	353	100	64	121	64	83	64	19	3	487.22	123	
1976	4	298	100	130	102	130	169	130	44	4	578.49	146	
1977 3/	4	361	100	121	124	121	157	121	34	4	615.83	155	
1978 4/	4	390	100	135	134	135	175	135	35	5	675.00	170	

1/ Intra-trade excluded for EC and world total. 2/ U.S.: dressed fresh beef, good--600-700 pounds, midwest; EC: Hamburg--wholesale price of bullock and heifers; Japan: fattened Wagyu cattle. 3/ Preliminary. 4/ Estimate.

Source: Reports of U.S. Agricultural Attaches and Related Information

October 1978

Commodity Programs, FAS, USDA

TABLE 4--MEAT PRODUCTION IN MAJOR IMPORTING AREAS, 1974-78
CARCASS WEIGHT EQUIVALENT
(In thousands of metric tons)

Commodity and country	1974	1975	1976	Estimated 1977	Forecast 1978
Beef and Veal:					
United States	10,716	11,271	12,166	11,845	11,250
Canada	942	1,050	1,139	1,143	1,040
EC	6,585	6,602	6,528	6,377	6,490
Japan 1/	292	353	298	361	390
Total	18,535	19,276	20,131	19,726	19,170
Pork:					
United States	6,500	5,343	5,753	6,009	6,060
Canada	611	521	512	539	605
EC	7,730	7,750	7,854	8,158	8,253
Japan 1/	958	1,039	1,056	1,169	1,235
Total	15,799	14,653	15,175	15,847	16,153
Mutton and Lamb:					
United States	211	186	168	159	141
Canada	8	8	8	5	5
EC	508	529	539	516	515
Japan 1/	2/	2/	2/	2/	2/
Total	727	723	715	680	661
Poultry: 3/					
United States	4,938	4,825	5,379	5,537	5,919
Canada	469	412	458	474	482
EC	3,126	3,101	3,341	3,468	3,569
Japan	740	756	839	919	955
Total	9,273	9,094	10,017	10,398	10,925
Total meat:					
United States	22,365	21,625	23,468	23,550	23,370
Canada	2,030	1,991	2,117	2,161	2,132
EC	17,949	17,982	18,262	18,519	18,827
Japan	1,990	2,006	2,193	2,449	2,580
Total	44,334	43,796	46,038	46,679	46,909

1/ Prior to 1976 Japanese Ministry of Health and Welfare, 1976 forward Japanese Ministry of Agriculture and Forestry. 2/ Less than 500 tons. 3/ Product weight basis.

SOURCE: Reports of U.S. Agricultural Attaches and related information

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Commodity Programs, FAS, USDA

TABLE 5--NET MEAT IMPORTS IN MAJOR IMPORTING AREAS--1974-78
(CARCASS WEIGHT EQUIVALENT)
(In thousands of metric tons)

Commodity and country	1974	1975	1976	Estimated 1977	Forecast 1978
Beef and veal:					
United States	718	784	912	844	980
Canada	57	66	84	38	39
EC <u>1</u> /	222	52	263	289	290
Japan	77	64	130	121	135
Total	1,074	966	1,389	1,292	1,444
Pork:					
United States	172	101	69	66	120
Canada	-5	4	50	46	-5
EC <u>1</u> /	-102	0	-33	-82	-90
Japan	60	178	204	152	160
Total	125	283	290	182	185
Mutton and lamb:					
United States	10	10	15	8	13
Canada	22	20	17	14	10
EC <u>1</u> /	235	270	254	254	240
Japan	180	262	272	296	280
Total	447	546	558	572	543
Poultry: <u>2</u> /					
United States	-74	-95	-183	-189	-195
Canada	1	10	32	24	19
EC <u>1</u> /	-88	-65	-99	-167	-187
Japan	25	19	36	45	44
Total	-136	-131	-214	-287	-319
Total meat:					
United States	826	800	813	729	918
Canada	75	100	183	122	63
EC <u>1</u> /	267	241	385	294	253
Japan	343	523	642	614	619
Total	1,510	1,664	2,023	1,759	1,853

1/ Excludes intra-trade. 2/ Product weight basis.

Source: Reports of U.S. Agricultural Attaches and Related Information

October 1978

Commodity Programs, FAS, USDA

TABLE 6--PRODUCTION AND EXPORTS OF BEEF AND VEAL BY MAJOR
EXPORTING COUNTRIES--1974-78 (CARCASS WEIGHT EQUIVALENT)
(In thousands of metric tons)

Item	1974	1975	1976	Estimated 1977	Forecast 1978
Production:					
P.L. 88-482 countries: <u>1/</u>					
Australia	1,268	1,699	1,870	2,125	2,020
New Zealand <u>2/</u>	405	508	628	558	531
Central America <u>3/</u> ...	318	340	371	379	423
Mexico	844	889	986	1,040	1,011
Subtotal	2,835	3,436	3,855	4,102	3,985
Other:					
Argentina	2,163	2,439	2,811	2,900	3,093
Uruguay	330	345	405	363	374
Subtotal	2,493	2,784	3,216	3,263	3,467
Total	5,328	6,220	7,071	7,328	7,481
Exports:					
P.L. 88-482 countries: <u>1/</u>					
Australia	486	744	860	1,087	1,065
New Zealand <u>2/</u>	258	305	373	392	405
Central America <u>3/</u> ...	115	124	145	126	153
Nexico	19	14	23	26	26
Subtotal	877	1,187	1,401	1,635	1,653
Other:					
Argentina	289	266	534	605	860
Uruguay	120	113	195	129	134
Subtotal	409	379	729	734	994
Total	1,286	1,567	2,130	2,369	2,647

1/ Excludes Canada and Ireland. 2/ Year ending September. 3/ Includes Haiti and Dominican Republic.

Source: Reports of U.S. Agricultural Attaches and Related Information

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Commodity Programs, FAS, USDA

TABLE 7--PRODUCTION AND EXPORTS OF MUTTON AND LAMB BY MAJOR
EXPORTING COUNTRIES--1974-78 (CARCASS WEIGHT EQUIVALENT)
(In thousands of metric tons)

Country	1974	1975	1976	Estimated 1977	Forecast 1978
Production:					
Australia	468	548	593	539	474
New Zealand <u>1/</u>	498	491	513	498	495
Argentina	112	123	127	134	130
Total	1,078	1,162	1,233	1,171	1,099
Exports:					
Australia	123	194	264	272	245
New Zealand <u>1/</u>	349	403	405	406	392
Argentina	25	27	39	42	40
Total	497	624	708	720	677

1/ Year ending September.

Source: Reports of U.S. Agricultural Attaches and Related Information

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